



Inter-regional transmission charges

AEMC issues draft rule and determination

On 6 December 2012, the AEMC published the second draft determination and second draft rule on the inter-regional transmission charge. This second draft rule introduces a charge paid by customers in a transmission region reflecting the benefit derived from transmission assets in another region.

Current transmission charging arrangements

Currently, transmission businesses charge customers in their region the cost of providing network services even where the network is being utilised to deliver electricity to customers in another transmission region.

Second draft rule

The second draft rule introduces an inter-regional transmission charge. The charge will be levied by the transmission business in the electricity exporting region on the transmission business in the importing region. The charge will then be recovered from customers in the importing region. The amounts recovered by the exporting transmission business will then be passed on to customers in the exporting region in the form of lower transmission charges.

Introducing a uniform national inter-regional transmission charging solution has the potential to improve the cost-reflectivity of transmission charges and the allocation of costs across regions (especially in the event of changes in transmission flows). This will remove disincentives on TNSPs to undertake augmentations of their network that will benefit consumers in another region.

The amount of revenue kept by the transmission business will not change as a result of the introduction of the inter-regional customers. This means that the small price increases for some customers in importing regions will be completely offset by the reduction in transmission prices for customers in the exporting region.

The AEMC has specified the method that transmission businesses must use to calculate the inter-regional transmission charge in order to minimise the extent to which charges from one transmission region to another region are affected by the differences in methods different transmission businesses use.

The AEMC is proposing that the new charging arrangements commence on 1 July 2014.

AEMC seeking stakeholder's views on the second draft rule

The Australian Energy Market Commission welcomes submissions on this draft determination or the draft rule. Submissions are due by 18 January 2013.

For information contact:

Acting Senior Director, **Eamonn Corrigan** (02) 8296 7800

Media: Communication Manager, Prudence Anderson 0404 821 935 or (02) 8296 7817

Date: 6 December 2012